

BOSTON PROPERTIES INC
Form 8-K
March 12, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 1, 2003**

Boston Properties, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13087
(Commission
File Number)

04-2473675
(I.R.S. employer
Identification No.)

111 Huntington Avenue, Boston, Massachusetts 02199

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(617) 236-3300**

ITEM 5. Other Events

On March 1, 2003, Boston Properties, Inc. (the "Company") renewed its all-risk property insurance program. The new program includes coverage for "certified acts of terrorism" as defined by the federal Terrorism Risk Insurance Act ("TRIA") which was enacted in November 2002; accordingly, the Company did not renew its 2002 stand alone terrorism insurance policy. The Company's current property insurance coverage carries a \$640 million per occurrence limit. Additionally, the Company's 2003 program provides \$25 million of coverage for acts of terrorism other than those "certified" under TRIA. The Company also carries earthquake insurance which covers its San Francisco portfolio with a \$120 million per occurrence limit and a \$120 million aggregate limit, \$20 million of which is provided as a direct insurer by IXP, Inc., the Company's wholly-owned taxable REIT subsidiary formed in 2002 to act as a captive insurance company. The accounts of IXP, Inc. are consolidated with the Company's.

Developments in the worldwide marketplace for insurance, including an overall significant reduction in coverage capacity, have led to a general decrease in property and liability insurance limits in recent years. The Company's 2003 coverage reflects such a decrease as compared with pre-2002 policies, which included, among other things, all-risk property insurance limits on a so-called "blanket" basis. In the event of an uninsured loss or a loss in excess of the Company's insurance limits, it could lose both the revenues generated from the affected property and the capital it invested in the affected property; depending on the specific circumstances of the affected property it is possible that the Company could be liable for any mortgage indebtedness or other obligations related to the property. Any such loss could materially and adversely affect the Company's business and financial condition and results of operations.

